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24 June 1963

The EIC Subcommittee on Petroleum

Annual Report

Fiscal Year 1963

A. Activities of the Subcommittee on Petroleum (PSC) During Fiscal Year Ending 30 June 1963.

1. Review of Intelligence Product by the Subcommittee in the Field of Petroleum

The Subcommittee has nothing to report. The PSC did not meet during FY 63. The CIA representative was on a field trip for about 2 months during FY 63 and no action was taken to convene the PSC during his absence. Following his return, a planned meeting of the PSC was cancelled, and further meetings were deferred because membership (including that of the Chairman) of agencies in the DOD had lapsed during the transitional period while the DIA was being organized.

2. Subcommittee Activities not Elsewhere Described

The Subcommittee has nothing to report on Research and Collection Deficiencies or Intelligence Research Techniques; it did not review any substantive papers; and it did not exercise any special coordination functions.

3. Review of Proposals for External Research

The Subcommittee took no action on this subject. This matter apparently has been ignored in recent years. The Rand Corporation memorandum prepared for the USAF, Communist China's Petroleum Situation, K.C. Yeh, RM-3160-PR, May 1962 was prepared without prior review by, or knowledge of, the PSC.

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A report - Survey Report on the Main Research Trends in the USSR Petroleum Industry - was prepared during FY 63 at the request of the USARMA, Vienna, by an Austrian Institute and paid for out of Army funds. The PSC was not advised of this study before or after it was completed. There is some evidence that the authors of this study plan to do a similar study on Soviet research and development in petro-chemicals and petroleum products. The PSC has not been consulted on this latter project.

4. Maintenance of Agreed Basic Statistics

The Subcommittee took no action on this subject. CIA initiated action on this but when the membership of the PSC deteriorated, the action was abandoned.

5. Projects Undertaken at the Request of the EIC OR Proposed to the EIC

No projects were undertaken by the PSC. Plans to prepare a report on Peacetime Military Consumption Estimates in the Bloc were abandoned when memberships of representatives of the Agencies which would have responsibility to prepare the data were permitted to lapse.

6. Evaluation of the Role of the Subcommittee

Only very recently has a determined effort been made to restore the membership of the PSC following the confusion allied with the establishment of DIA. Even now there appears to be an imbalance in the agency representation on the PSC. There are three representatives from Defense, one from Navy, but none from either the Army or the Air Force.

Because of the wide scope of responsibilities of the members of the PSC and because the mission of the PSC involves problems which extend over time, it is believed that agencies should avoid nominating for membership on the Subcommittee, junior military officers who lack experience in the field of petroleum or whose period of duty in Washington may be so short as to prejudice continuity of Subcommittee effort.

Although the activities of the PSC were in the doldrums during FY 63, the PSC has long since established its value as a mechanism for

improving economic intelligence research in the field of petroleum. Given balanced Agency representation and a desire on the part of the principals of the members of the PSC to exploit the full potential of the PSC, the PSC can resume its traditional role as an important and useful arm of the Intelligence Community.